



NEWS RELEASE

United States Department of Agriculture • Office of Communications • News Distribution Room 460-A
1400 Independence Avenue, SW • Washington, DC 20250-1350 • Internet: news@usda.gov
Voice: (202) 720-9035 • World Wide Web: <http://www.usda.gov>

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Backgrounder

Summary of U.S. Department of Agriculture's (USDA) Actions to Assist North Dakota's Farmers, Ranchers, and Rural Communities June 8, 1998

I. Overview of North Dakota Farm Economy

Over the last several years, as many parts of the country experienced favorable weather and harvested excellent crops, North Dakota farmers have been plagued with drought, blizzards, floods and disease. As a result, even with the high commodity prices of the last few years, many farmers face economic hardship and uncertainty as they prepare for a crop year that has brought lower prices as a result of lower market demand and higher surpluses.

Secretary Dan Glickman has utilized, to the fullest extent possible, his authority to help farmers' situation in the Northern Plains. In addition, he is calling on Congress to give him additional tools, as well as restore tools and flexibility taken away from him in the 1996 Farm Bill. The information below describes the actions the Secretary has initiated and the additional tools he needs from Congress.

II. New Actions to Help North Dakota

Compensate Livestock Producers with Land Under Water

- ! USDA will utilize the \$12 million remaining from the sale of disaster reserve commodities to compensate livestock producers who have suffered losses due to long-term flooded crop or pasture lands. Secretary Glickman will consider legislation providing him authority to enroll land unable to be planted from flooding or persistent disease in a multi-year diversion program.

USDA Increases Export Credits

- ! USDA will increase by \$100 million the amount of export credit guarantees available to make sales to Turkey. In addition, USDA will be guaranteeing the cost of freight for shipments made to Indonesia under USDA's export credit guarantee programs, thus speeding the completion of such deals.

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- ! In a related matter, Jordan has purchased more than 5 million bushels of wheat under the P.L. 480 program, the largest such purchase of U.S. wheat this year. Secretary Glickman continues to monitor conditions in Asia and will consider increasing the amount of export credits as conditions warrant.

Canada Agrees to Wheat Board Audit

- ! In response to Secretary Glickman's request, the Canadian Wheat Board will conduct an audit of its operations with respect to durum wheat.

Use Unused Export Credits for Food Aid

- ! USDA will work to determine whether money allocated, but not used, under the export credit guarantee program can be transferred to buy wheat for additional food aid.

Improve and Expand Crop Insurance Coverage

- ! USDA will offer in 1999 a pilot crop insurance policy for crambe and mustard for North Dakota producers, providing insurance coverage for alternative crops.
- ! USDA will propose to implement a crop insurance pilot program to indemnify farmers whose crops are damaged by wheat and barley scab disease. Since April, USDA has been investigating how quality adjustment factors for wheat and barley scab in producers' crop insurance policies can be improved.

III. Actions Secretary Glickman is Already Taking to Help North Dakota

Increase Exports of Wheat and Barley

- ! **Secretary Glickman responded to unfair trade practices** by the European Union by subsidizing the export of 30,000 tons of U.S. barley using the Export Enhancement Program.
- ! **Secretary Glickman sold \$450 million in U.S. wheat** under USDA's export credit guarantee programs; use of USDA's export credit program is up by one third this year over 1997.
- ! **Secretary Glickman is providing a total of \$400 million** worth of U.S. commodities to developing countries under Title I of P.L. 480 and Food for Progress. In addition to the 88,000 tons of wheat flour for food aid, USDA plans to ship this year 1.15 million tons of wheat valued at \$154 million to 18 countries.

Improve Crop Insurance and Risk Management Education

- ! **Secretary Glickman is awarding North Dakota State University \$250,000** to develop an integrated risk management education curriculum which includes crop insurance, marketing, and financial advisory assistance. There will be 17 grants awarded nationwide for a total of \$5 million.

- ! **Secretary Glickman is eliminating the controversial non-standard classification system (NCS)** that penalizes, by increasing their premiums, producers who have suffered abnormally high crop losses for their area. USDA will replace NCS, starting in 1999, with an alternative process which removes the harsh premium increases.
- ! **Secretary Glickman is providing crop insurance for alternative crops more quickly by** expanding coverage on a county basis and approving written agreements allowing individual farmers to insure a crop not available in the county. Establishing insurance policies for crambe, buckwheat, mustard, and rapeseed is a high priority. Canola insurance is now available in 18 counties in North Dakota.
- ! **Secretary Glickman is reviewing the prevented planting regulation** to improve coverage. The review will examine how Northern Plains farmers struggling with prairie potholes and repeated years of excess moisture can qualify for a prevented planting payment.
- ! **Secretary Glickman has asked the Risk Management Agency to review quality adjustment factors** to ensure that crop insurance is adequately compensating farmers for quality losses caused by wheat and barley scab.
- ! **Secretary Glickman is establishing a Northern Plains pilot program for improving actual production history (APH) rules** that determine producers' yield coverage to ensure that the rules do not unfairly penalize producers who have had successive years of crop losses.
- ! **USDA expanded the availability of Crop Revenue Coverage (CRC) for 1998** from 23 counties to all 53 North Dakota counties for wheat. CRC provides farmers protection against low yields, prices, or a combination of both.

Initiate Special Research Projects for North Dakota

- ! **Secretary Glickman increased research dollars for wheat scab by \$200,000** over the base program funding level of \$1.275 million for 1998. The Administration's budget has requested an additional \$600,000 FY 1999.
- ! **Secretary Glickman provided \$1,860,460 in matching funds** to complete the first of two phases of expansion of the Animal Care Facility at North Dakota State University.
- ! **Secretary Glickman provided \$5 million for critical human nutrition research** conducted in North Dakota and provided \$4.4 million to restore the Grand Forks human nutrition lab after the 1997 flood.

Create Livestock Disaster Programs for 1997 and 1998

- !** **Secretary Glickman implemented the Livestock Indemnity Program (LIP)** which provided \$12,657,256 to producers who suffered livestock deaths as a result of disastrous weather conditions.
- !** **Secretary Glickman implemented the Emergency Feed Grain Donation Program (EFGDP)** to help save livestock from perishing as a result of snow and freezing conditions. The program was authorized on January 15, 1997, for all counties in North Dakota as a result of the 1997 blizzard; disbursements for EFGDP in North Dakota were \$282,593.
- !** **Secretary Glickman created the Foundation Livestock Relief Program (FLRP)** to help meet the feed needs of livestock during severe weather conditions; disbursements in North Dakota were \$5,712,530.80.
- !** **Secretary Glickman created the Native American Livestock Feed Program** to provide livestock feed assistance to Native Americans who suffer livestock feed production losses as a result of a natural disasters occurring on tribal-governed land during crop years 1997 and 1998; \$4 million will be available annually for 1997 through 1999.

Support North Dakota Bison Producers

- !** **USDA will be purchasing up to \$2.5 million of ground bison** to help improve prices to bison producers.

Address Grain Transportation Problems

- !** **Secretary Glickman advocated agricultural concerns** before the Surface Transportation Board (STB), including opposing the Union Pacific and Southern Pacific rail merger and making numerous recommendations to the STB to improve the market service environment for agricultural producers and small shippers who must rely on a few, large, Class I railroads. The STB has adopted a number of those recommendations and is pursuing actions that should help small shippers challenge unfair rates and access the STB and railroads to voice their concerns about service quality and availability.
- !** **Secretary Glickman is hosting a national transportation summit** in July to address agricultural transportation challenges for the future.

Confront Agricultural Concentration Issues

- !** **Secretary Glickman is taking several actions to address concerns about concentration forces** in the meat packing industry, including increasing the amount of information available on livestock prices and other market factors, and now more information is now being reported on boxed beef sales, the premiums and discounts being offered by packers, beef grading results on a regional basis, forward contracted cattle, and live animal trade.

Help Small Farms Stay Viable

- ! Secretary Glickman established a Small Farms Commission** to focus USDA's programs and budget to help small farms remain competitive.

Bolster Farm Cooperatives and Other Rural Businesses

- ! Secretary Glickman is targeting \$1 million per year** to designated Rural Economic Area Partnership Zone counties to empower local residents by providing them with technical assistance and program support funds similar to what USDA has done in other areas with Enterprise Zones and Empowerment Communities.
- ! Secretary Glickman is bolstering farm cooperatives by utilizing, in 1999, \$200 million** of the \$1 billion in rural business and industry loan guarantees to help farmer-owned cooperatives for value added processing and marketing.

Move USDA Closer to North Dakota Grasslands' Users

- ! Secretary Glickman is establishing a grasslands supervisor's office** in North Dakota to administer the more than 1.1 million acres of national grasslands located in the state and the Grand River National Grassland in South Dakota.

IV. Secretary Glickman's Legislative Initiatives to Help North Dakota:

Improve Farm Programs

- ! Secretary Glickman has asked Congress to give him the authority to extend the repayment period** for marketing assistance loans when prices are low or when transportation problems exist to provide farmers more time to market their grain in more favorable market conditions.
- ! Secretary Glickman is working with Congress on legislative proposals that uncap marketing assistance loans** to provide a more equitable loan rate to farmers so that they are not forced into selling their crops at harvest when prices tend to be lower.
- ! Secretary Glickman has asked Congress to increase planting flexibility for fruit and vegetable** producers to allow the planting of fruits and vegetables on prevented planted or failed acres.
- ! Secretary Glickman has asked Congress to give him greater flexibility in making advance** farm program payments to producers. Currently, those payments are allowed only on Dec. 15 or Jan. 15; the proposal would allow those payments anytime after Nov. 15.

Improve Farm Credit Programs

- !** **Secretary Glickman has asked Congress to delete the “one strike, you’re out” provision** of the 1996 farm bill to give farmers a second chance to acquire a USDA loan when they have had a previous farm debt forgiveness.

Make Conservation Programs Fair and Useful

- !** **Secretary Glickman has asked Congress to broaden his discretion** to make more equitable reductions in program payments for highly erodible land (HEL) conservation violations.
- !** **Secretary Glickman has asked Congress to allow for more sensible haying and grazing** authorities on land enrolled in the Conservation Reserve Program.
- !** **Secretary Glickman has asked Congress to increase funding for the Environmental Quality Incentives Program** from \$200 million to \$300 million.

Increase Enforcement Action Against Agricultural Concentration

- !** **Secretary Glickman has asked Congress to provide USDA with additional money to strengthen enforcement against anticompetitive practices of the agricultural industry** and improve enforcement of the Packers and Stockyards Act. USDA has also asked Congress for \$3 million to complete the restructuring of Grain Inspection and Packers and Stockyards Agency.
- !** **Secretary Glickman has asked Congress to provide the Secretary with the authority to mandate that livestock price information be reported to USDA** to guard against unfair, anticompetitive marketing practices if voluntary reporting is not successful.

Increase Assistance to Small Family Farms

- !** **USDA’s Fiscal Year 1999 budget requests funds to strengthen the competitive position of small family farms** by providing more money for:
 - direct farm ownership and operating loans,
 - priority outreach programs,
 - enforcing proper marketing activities of agribusiness,
 - national organic standards,
 - sustainable agricultural research and education,
 - appropriate technology transfer for rural areas,
 - farmers’ market nutrition program,
 - farm worker housing loans and grants,
 - forest and stewardship incentives, and
 - small farm research and extension initiative.

V. North Dakota Remains a High Priority for USDA and the Clinton Administration

USDA has provided North Dakota more than \$5 billion over the last 5 years, including:

\$1.2 billion to farmers and ranchers under all farm income support programs, including income support payments under the 1990 and 1996 farm bills;

\$600 million to farmers and landowners under the Conservation Reserve Program, Environmental Quality Incentives Program, Agricultural Conservation Program, Emergency Conservation Program, Emergency Watershed Protection Program, and the Wetlands Reserve Program;

\$765 million to farmers and ranchers under the Crop Insurance Program, the Noninsured Assistance Program, the Foundation Livestock Reserve Program, the Livestock Indemnity Program, and the Disaster Reserve Assistance Program;

\$370 million to farmers and ranchers for farm loans;

\$165 million to rural communities in grants and loans to establish new or improved water and sewer facilities and business opportunities;

\$380 million for food and nutrition assistance; and

\$165 million for research and farm extension in North Dakota.

VI. Clinton Administration Accomplishments for North Dakota

- ! **Unemployment is down to 1.9%** from a high of 4.7% since 1993 in North Dakota.
- ! **36,700 new jobs** have been created in North Dakota since 1993 -- an average of 7,220 per year.
- ! **33,100 new private sector jobs have been created since 1993** -- an average of 6,511 jobs per year.

Access to Education is Expanding

- ! **\$9.4 million in Head Start funding** is benefitting more than 2,100 children. President Clinton's FY99 budget proposal will increase Head Start funding for North Dakota's children by an additional \$547,000.
- ! **Students most in need in North Dakota will receive \$17.8 million** in Title I grants (to Local Educational Agencies) providing extra help in the basics for students in communities and schools with high concentrations of low-income families. President Clinton's FY99 budget proposes to increase funding for Title I Grants by \$800,000 to aid North Dakota's students.

- ! **\$27.2 Million in Pell Grants for** will go to low-income, North Dakotan students going to college, which is an additional \$5.3 million over last year. With this increase, a total of 14,600 North Dakota students will benefit, 800 more than the previous year.
- ! **Over 150 Have Served in North Dakota through AmeriCorps** since the National Service program began in 1993. They have worked in 38 different programs and have earned money for college while working in North Dakota's schools, hospitals, neighborhoods or parks.
- ! **16,000 students in North Dakota will receive a HOPE Scholarship tax credit of up to \$1,500.** 19,000 students in North Dakota will receive the Lifetime Learning Tax Credit.

Fighting Crime and Violence

- ! **Crime has fallen 6% in North Dakota** since 1992.
- ! **\$759,000 devoted to combating domestic violence** through the Violence Against Women Act to establish more women's shelters and bolster law enforcement, prosecution, and victims' services.
- ! **\$400,000 in grants have been provided for battered women and children** through HHS's Family Violence Prevention Program grants to assist women and children fleeing domestic abuse. President Clinton's FY99 budget proposal increases HHS's Family Violence Prevention Program grants to \$409,200.
- ! **\$2.6 million is being devoted to keep drugs & violence out of North Dakota schools** through the Safe & Drug Free Schools Program, which invests in school security and drug prevention programs.

Moving North Dakota Residents From Welfare to Work

- ! **8,812 fewer people are on welfare:** There are 8,812 fewer people on welfare in North Dakota now than there were at the beginning of 1993 -- a 47% decrease.
- ! **Child support collections are up 81%:** Child support collections have increased by \$12.7 million -- or 81% -- in North Dakota since FY92.
- ! **North Dakota receives \$2.8 million in Welfare-to-Work Grants:** In FY98, North Dakota will receive \$2.8 million in welfare-to-work state formula grants, helping North Dakota prepare welfare recipients for work and to place them in jobs.

Investing In North Dakota's Health

- ! **To expand health coverage to more uninsured children in North Dakota the balanced budget provides \$5 million in 1998.**

- ! **More toddlers are being immunized:** In North Dakota in 1996, 96% of two-year olds received the vaccines for diphtheria, tetanus, pertussis; 92% received the vaccine for polio; 90% received the vaccine for measles, and 93% received the vaccine for *Haemophilus influenzae* B, the bacteria causing a form of meningitis.

Protecting the Environment

- ! **Superfund clean-up finished in Minot:** In September 1996, the EPA completed toxic waste site clean-up in Minot, North Dakota.

Expanding Funds For Transportation Improvement

- ! **\$64 million provided in Federal highway aid:** Since 1993, North Dakota has received \$64 million in federal highway aid. These funds have helped generate nearly 27,000 jobs.
- ! **Over \$61.6 million provided in aviation funds:** From FY93-FY97 North Dakota received \$61,630,000 to help build and renovate airports, and, when necessary, to provide funds for noise abatement to improve the quality of life for residents who live near airports.
- ! **North Dakota has received a total of \$12.3 million** in transit improvement funds since 1993.

Disaster Assistance for 1997 Blizzards

- ! **In 1997, North Dakota, Minnesota, and South Dakota received more than \$2 billion** in disaster assistance to clean up after the blizzards and floods. Investments were made to clean up debris, reduce flood hazards, relocate damaged houses, and reestablish communities.

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